

OFFICE OF THRIFT SUPERVISION

Approval of Holding Company Application

Order No.: 2005-55
Date: January 5, 2006
Docket Nos.: 08433 and H-4232

Empire State Regional Council of Carpenters Pension Fund, Hauppauge, New York (Applicant), has applied to the Office of Thrift Supervision (OTS), pursuant to 12 U.S.C. § 1467a(e), and 12 C.F.R. § 574.3, to acquire approximately 45 percent of the common stock of First Trade Union Bank, Boston, Massachusetts (Savings Bank).

The Applicant is a multi-employer pension benefit plan. The Savings Bank is a Savings Association Insurance Fund (SAIF)-insured, federally chartered stock savings bank. The Savings Bank is considered “well capitalized” pursuant to the OTS Prompt Corrective Action (PCA) regulation.

The Savings Bank has two existing parent holding companies, the Massachusetts State Carpenters Pension Fund (MA Pension Fund), which owns approximately 67 percent of the Savings Bank’s common stock, and the Massachusetts State Carpenters Guaranteed Annuity Fund (MA Annuity Fund), which owns approximately 33 percent of the Savings Bank’s common stock (collectively, the MA Funds).

The Proposed Transaction

The Applicant proposes to acquire control of the Savings Bank by purchasing approximately 45 percent of the Savings Bank’s common stock, pursuant to an agreement with the MA Funds and the Savings Bank. Initially the Applicant proposes to purchase 34.99 percent of the Savings Bank’s stock by purchasing: 32,894 shares from the MA Pension Fund; 16,447 shares from the MA Annuity Fund; and 53,690 new shares from the Savings Bank (the initial closing). At a second closing, one year after the initial closing, the Applicant proposes to increase its ownership to 40.42 percent by purchasing 26,845 new shares from the Savings Bank. At a third closing, two years after the initial closing, the Applicant proposes to increase its ownership to 45.02 percent of the Savings Bank’s stock by purchasing another 26,845 new shares from the Savings Bank. Following the consummation of the proposed transaction, the ownership interests in the Savings Bank of the MA Pension Fund and the MA Annuity Fund will be reduced to 36.51 percent and 18.25 percent, respectively, for an aggregate amount of 54.76 percent.

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Section 10(e)(1)(B) of the Home Owners' Loan Act and the Acquisition of Control Regulations thereunder provide that OTS must approve a proposed acquisition of a savings association by a company, other than a savings and loan holding company, unless OTS finds that the financial and managerial resources and future prospects of the company and association involved would be detrimental to the association or the insurance risk of the SAIF. OTS must also consider the impact of the acquisition on competition. Finally, OTS must take into account assessments under the Community Reinvestment Act (CRA) when considering holding company applications.

With respect to managerial resources, OTS is familiar with the Savings Bank's existing management and has reviewed the background of each of the Applicant's trustees, including the two trustees who have been designated as proposed directors of the Savings Bank. OTS has found no material adverse information regarding any of these persons. Because the Applicant recently identified and provided background information for three additional proposed directors of the Savings Bank who are not officers or trustees of the Applicant, OTS is imposing a condition requiring completion of the background checks and obtaining the Northeast Regional Director's, or his designee's (Regional Director) written non-objection before each such person becomes a board member of the Savings Bank. In addition, because there is a vacancy on the Applicant's board of trustees, OTS is imposing a condition that requires the person chosen to fill that vacancy not serve until the Applicant provides all the information requested by the Regional Director and the Applicant obtains the written non-objection of the Regional Director.

Based on its review, OTS concludes that the managerial resources of the Applicant and the Savings Bank are consistent with approval, subject to the imposition of the conditions, which are intended to ensure that the Applicant's and the Savings Bank's managerial resources are consistent with approval.

With regard to financial resources, OTS has reviewed the Applicant's financial position and the Savings Bank's proposed capitalization and business plan. The Applicant has demonstrated adequate financial resources. OTS concludes that the Savings Bank's business plan is consistent with approval. The application projects that the Savings Bank will meet all of its capital requirements and will be well capitalized under the PCA regulation throughout the first three years of operation. Based on the foregoing, OTS concludes that the financial resources of the Applicant and the Savings Bank are consistent with approval of the holding company application.

With regard to future prospects, OTS has considered the financial and managerial resources of the Applicant and the Savings Bank and their proposed capitalization. Based on the factors considered in the above discussions regarding the managerial and financial resources of the Applicant and the Savings Bank, OTS concludes that the future prospects of the Applicant and the Savings Bank are consistent with approval, and will not pose undue risk to the SAIF, subject to the imposition of the above recommended conditions.

The transaction will not result in any currently operating, unaffiliated depository institutions becoming affiliated. Accordingly, OTS finds no basis for objection to the transaction on anti-competitive grounds.

With respect to the Applicant's performance under the CRA, the Applicant has not controlled any entities that have been subject to the CRA. Accordingly, OTS concludes that there is not any basis for objection to the holding company application based on CRA grounds.

Conclusion

Based on the foregoing, OTS concludes that the application satisfies the applicable approval standards, provided that the following conditions are complied with in a manner satisfactory to the Regional Director. Accordingly, the application is hereby approved, subject to the following conditions:

1. The Applicant and the Savings Bank must receive all required regulatory approvals prior to the initial closing of the proposed transaction with copies of all such approvals provided to the Regional Director;
2. The initial closing of the proposed transaction must be consummated within 120 calendar days after the date of this Order and the entire proposed transaction must be completed on or before the second anniversary date of the initial closing;
3. On the business day prior to the initial closing of the proposed transaction, the chief financial officers of the Applicant and the Savings Bank must certify in writing to the Regional Director that no material adverse changes have occurred with respect to the financial condition or operation of the Applicant and the Savings Bank, respectively, as disclosed in the application. If additional information having a material adverse bearing on any feature of the application is brought to the attention of the Applicant, the Savings Bank, or OTS, since the date of the financial statements submitted with the application, the initial closing must not be consummated unless the information is presented to the Regional Director, and the Regional Director provides written non-objection to consummation of the initial closing;
4. The Applicant and the Savings Bank must, within five calendar days after the effective date of the initial closing file with the Regional Director a written certification by legal counsel: (a) stating the effective date of the initial closing and (b) stating that the initial closing was consummated in accordance with all applicable laws and regulations, the application, all representations made by the Applicant and its counsel in connection with OTS review of the proposed transaction, and this Order;
5. The Applicant and the Savings Bank must submit all information requested by the

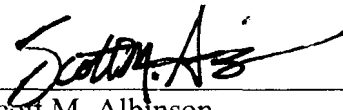
Regional Director for the completion of the background investigation for the three recently proposed directors of the Savings Bank who are not officers or trustees of the Applicant and must obtain the written non-objection of the Regional Director for each such person before that person becomes a board member of the Savings Bank; and

6. The Applicant must submit all information requested by the Regional Director for the person to be proposed to fill the current vacancy on the Applicant's board of trustees and must obtain the written non-objection of the Regional Director for such person before that person becomes a trustee of the Applicant.

The Regional Director may, for good cause, extend any time period set forth herein for up to 120 calendar days.

By order of the Director of the Office of Thrift Supervision, or his designee, effective

January 5, 2006.



Scott M. Albinson
Managing Director
Office of Examinations, Supervision,
and Consumer Protection